

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re Destination Maternity Corporation et al.

Case No. 19-12256

Reporting Period: 10/21/2019-11/30/2019

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	x		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	x		
Schedule of Professional Fees Paid	MOR-1b	x		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	x		
Balance Sheet	MOR-3	x		
Status of Postpetition Taxes	MOR-4	x		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	x		
Listing of aged accounts payable	MOR-4	x		
Accounts Receivable Reconciliation and Aging	MOR-5	x		
Debtor Questionnaire	MOR-5	x		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

David Helkey
Signature of Debtor

Date

12/20/19

David Helkey
Signature of Joint Debtor

Date

12/20/19

Signature of Authorized Individual*

Date

12/20/19

David Helkey

Printed Name of Authorized Individual

COO/CFO

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

Destination Maternity Corporation et, al
DEBTORS AND DEBTORS IN POSSESSION
Form: MOR-1
Consolidated Statement of Cash Flows (unaudited)

Cumulative Since Filing
(in thousands)

Cash Flows from Operating Activities

Net income	\$ (10,653)
Adjustments to reconcile net income to net cash provided by:	
operating activities	
Depreciation and amortization	1,462
Stock-based compensation expense	65
Loss on impairment of long-lived assets	-
(Gain) loss on disposal of assets	3,703
Grow NJ tax benefit	(207)
Amortization of deferred financing costs	448

Changes in assets and liabilities:

Decrease (increase) in--	
Trade receivables	(1,249)
Inventories	10,255
Prepaid expenses and other current assets	4,767
Other non-current assets	(1,316)
Increase (decrease) in--	
Accounts payable, accrued expenses and other liabilities	(2,201)
Deferred rent and other non-current liabilities	-
Net cash used by operating activities	5,074

Cash Flows from Investing Activities

Capital expenditures	-
Net cash used in investing activities	-

Cash Flows from Financing Activities

Decrease in cash overdrafts	(2,183)
Increase in line of credit borrowings	1,325
Repayment of long-term debt	(510)
Net cash provided by financing activities	(1,368)

Effect of exchange rate changes on cash and cash equivalents -

Net Increase in Cash and cash Equivalents 3,706

Cash and Cash Equivalents, Beginning of Period 6,437

Cash and Cash Equivalents, End of Period **\$ 10,143**

Destination Maternity Corporation et. al
DEBTORS AND DEBTORS IN POSSESSION

Form: MOR-1

Total Disbursements by Filed Legal Entity (unaudited)

For the Period of October 21, 2019 to November 30, 2019			
Legal Entity	Case Number	Disbursements	(-) Transfers to Debtor in Possession Accounts (+) Estate Disbursements made by Outside Sources
Destination Maternity Corporation	19-12256	\$ 28,137,843	
Mother's Work Canada, Inc. ¹	19-12258	800,238	
DM Urban Renewal, LLC	19-12257	-	
<u>UST Fees: Destination Maternity Corporation</u>			
1% of Disbursements		281,378	
Cap		250,000	
Total: Destination Maternity Corporation (USD)		\$ 250,000	
<u>UST Fees: Mother's Work Canada, Inc.</u>			
1% of Disbursements		8,002	
Cap		250,000	
Total: Mother's Work Canada, Inc.		\$ 8,002	

¹Total disbursements in CAD of \$1,064,146.91 converted to USD using spot rate as of 11/30/2019 of 0.752.

Destination Maternity Corporation et. al
DEBTORS AND DEBTORS IN POSSESSION
Form: MOR-1a
Bank Reconciliations (unaudited)

G/L Acct	Account Name	Bank Acct #	Debtor	Description	Bank Balance (\$) ¹	Cash In Transit	Outstanding Checks	Ledger Balance (\$)	As of Date	Reconciled ?
103000	Wells Fargo	2000412907304	Destination Maternity Corporation	Cash Collateral, Store Depository, Payroll, Escrow, etc.	\$ 4,632,571	\$ (3,807)	\$ (1,726,570)	\$ 2,902,193	11/30/2019	Yes
108001	Bank of America	1417650388	Destination Maternity Corporation	Store Depository, Professional Fee/Utility deposit	\$ 3,212,874	\$ 133,083	\$ -	\$ 3,345,957	11/30/2019	Yes
108003	Cigna Dental	30875393	Destination Maternity Corporation	Dental Claims	\$ 11,947	\$ -	\$ -	\$ 11,947	11/30/2019	Yes
108004	M&T Bank	9835122301	Destination Maternity Corporation	Store Depository	\$ 2,157	\$ 4,921	\$ -	\$ 7,079	11/30/2019	Yes
108006	Suntrust	1000087236567	Destination Maternity Corporation	Store Depository	\$ 2,464	\$ 6,977	\$ -	\$ 9,441	11/30/2019	Yes
108007	Wells Fargo	4801901612	Destination Maternity Corporation	Store Depository	\$ 8,733	\$ 72,343	\$ -	\$ 81,076	11/30/2019	Yes
108009	Fifth Third Bank	99943809	Destination Maternity Corporation	Store Depository	\$ 1,780	\$ 7,654	\$ -	\$ 9,435	11/30/2019	Yes
108010	First Tennessee Bank	001700009760499	Destination Maternity Corporation	Store Depository	\$ 2,808	\$ 3,841	\$ -	\$ 6,649	11/30/2019	Yes
108011	Key Bank	000359681039913	Destination Maternity Corporation	Store Depository	\$ 5,137	\$ 11,298	\$ -	\$ 17,732	11/30/2019	Yes
108014	Regions	5325744305	Destination Maternity Corporation	Store Depository	\$ 6,434	\$ 15,751	\$ -	\$ 20,888	11/30/2019	Yes
108016	US Bank	0576763270	Destination Maternity Corporation	Store Depository	\$ 16,431	\$ 22,529	\$ -	\$ 38,960	11/30/2019	Yes
108017	JP Morgan	640846614	Destination Maternity Corporation	Store Depository	\$ 12,614	\$ 44,308	\$ -	\$ 56,922	11/30/2019	Yes
108024	Citizens	6219989752	Destination Maternity Corporation	Store Depository	\$ 3,883	\$ 13,191	\$ -	\$ 17,074	11/30/2019	Yes
108025	Capital One	234300507	Destination Maternity Corporation	Store Depository	\$ 1,912	\$ 1,642	\$ -	\$ 3,553	11/30/2019	Yes
108026	Compass	23170663	Destination Maternity Corporation	Store Depository	\$ 1,012	\$ 4,786	\$ -	\$ 5,798	11/30/2019	Yes
108027	First Citizens	7411224778	Destination Maternity Corporation	Store Depository	\$ 1,771	\$ 4,526	\$ -	\$ 6,297	11/30/2019	Yes
108030	PNC Bank	8611797369	Destination Maternity Corporation	Store Depository	\$ 4,430	\$ 25,428	\$ -	\$ 29,858	11/30/2019	Yes
108031	BB & T	153327130	Destination Maternity Corporation	Store Depository	\$ 3,090	\$ 10,449	\$ -	\$ 13,539	11/30/2019	Yes
100000-00-00	Main Source Bank	5028809	Destination Maternity Corporation	Store Depository	\$ 313	\$ 990	\$ -	\$ 1,303	11/30/2019	Yes
100000-00-00	Wrenham Cooperative Bank	16006975	Destination Maternity Corporation	Store Depository	\$ 4,152	\$ 1,525	\$ -	\$ 5,678	11/30/2019	Yes
100000-00-00	Premier Bank Minnesota	360102136	Destination Maternity Corporation	Store Depository	\$ 3,601	\$ 665	\$ -	\$ 4,266	11/30/2019	Yes
100000-00-00	Five Star Bank	272020591	Destination Maternity Corporation	Store Depository	\$ 1,256	\$ 516	\$ -	\$ 1,771	11/30/2019	Yes
100000-00-00	Premier Bank	140636	Destination Maternity Corporation	Store Depository	\$ 836	\$ 964	\$ -	\$ 1,800	11/30/2019	Yes
100000-00-00	First Merit Bank-Huntington	1508317689	Destination Maternity Corporation	Store Depository	\$ 64,751	\$ 780	\$ -	\$ 65,532	11/30/2019	Yes
100000-00-00	Pinnacle Bank	2400567446	Destination Maternity Corporation	Store Depository	\$ 2,436	\$ 895	\$ -	\$ 3,331	11/30/2019	Yes
100000-00-00	Commerce	551833227	Destination Maternity Corporation	Store Depository	\$ 3,208	\$ 579	\$ -	\$ 3,787	11/30/2019	Yes
100000-00-00	People's United Bank	16004073	Destination Maternity Corporation	Store Depository	\$ 3,677	\$ 644	\$ -	\$ 4,320	11/30/2019	Yes
100000-00-00	Scolia	2302000936	Destination Maternity Corporation	Store Depository	\$ 12,922	\$ 489	\$ -	\$ 13,411	11/30/2019	Yes
100000-00-00	IBC	1604080531	Destination Maternity Corporation	Store Depository	\$ 5,454	\$ -	\$ -	\$ 5,454	11/30/2019	Yes
100000-00-00	Valley National Bank	41332032	Destination Maternity Corporation	Store Depository	\$ 6,076	\$ 853	\$ -	\$ 6,929	11/30/2019	Yes
108018-08	TD Bank Canada	0701-5278001	Mother's Work Canada, Inc.	Store Depository Canadian \$	\$ 83,685	\$ 8,116	\$ -	\$ 91,802	11/30/2019	Yes
108018-08	Pace Bank	1106805	Mother's Work Canada, Inc.	Store Depository Canadian \$	\$ 40,128	\$ 637	\$ -	\$ 40,764	11/30/2019	Yes
108018-08	Bank of Montreal	0002-8947-861	Mother's Work Canada, Inc.	Store Depository Canadian \$	\$ 1,948,518	\$ 13,114	\$ (36,369)	\$ 1,925,262	11/30/2019	Yes
108000-16	Wells Fargo	4125496778	DM Urban Renewal, LLC	DM Urban Renewal Main Account	\$ -	\$ -	\$ -	\$ 0	11/30/2019	Yes
Total					\$ 10,113,062	\$ 409,683	\$ (1,762,939)	\$ 8,759,807		

¹Amounts listed represent consolidated balances held at each respective institution.

²Does not include \$206,400 of cash in cash drawers.

Destination Maternity Corporation
DEBTORS AND DEBTORS IN POSSESSION

Form: MOR-1b

Total Disbursements to Retained Professionals (unaudited, in \$ in 000s)

For the Period of October 21, 2019 to November 30, 2019		
Retained Professionals	Approved Amounts ¹	Disbursements
Berkeley Research Group LLC	\$ -	\$ -
Kirkland & Ellis LLP	\$ -	\$ -
Greenhill & Co	\$ -	\$ -
Prime Clerk	\$ -	\$ -
A&G Realty Partners, LLC	\$ -	\$ -
Landis Rath & Cobb LLP	\$ -	\$ -
Province	\$ -	\$ -
Cooley LLP	\$ -	\$ -
Cole Schotz P.C.	\$ -	\$ -
Total		\$ -

¹ Approved amounts represent the amounts approved by Court orders.

Destination Maternity Corporation et. al
DEBTORS AND DEBTORS IN POSSESSION

Form: MOR-2

Consolidated Statement of Income (unaudited, in \$ in 000s)

Net sales	\$	38,032
Cost of goods sold		21,526
Gross profit		16,506
Selling, general and administrative expenses		19,250
Store closing, asset impairment and asset disposal expenses		3,909
Other charges		3,300
Operating income (loss)		(9,953)
Interest expense, net		669
Loss on extinguishment of debt		-
Income (loss) before income taxes		(10,622)
Income tax provision		31
Net income (loss)	\$	(10,653)

Destination Maternity Corporation et. al
DEBTORS AND DEBTORS IN POSSESSION
Form: MOR-3
Consolidated Balance Sheet (unaudited, in \$ in 000s)

ASSETS

Current Assets

Cash and Cash Equivalents	\$	10,143
Trade Receivables		7,707
Inventories		57,602
Prepaid expenses and other Current assets		5,795

Total current assets		<u>81,247</u>
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Property, Plant and Equipment, net		<u>40,757</u>
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Other assets

ROU Assets		83,557
Deferred financing costs, net		286
Other Intangibles		586
Deferred income taxes		4,846
Other non-current assets		2,281

Total other assets		<u>91,556</u>
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Total assets	\$	<u>213,560</u>
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LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities

Line of credit borrowings	\$	20,724
Current portion of long-term debt		2,984
Accounts payable - pre-petition		36,472
Accounts payable - post-petition		2,265
Accrued expenses and other current liabilities		45,162

Total current Liabilities		<u>107,607</u>
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Long-term debt		21,170
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Deferred rent and other non-current liabilities		<u>82,227</u>
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Total liabilities		<u>211,004</u>
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Stockholders' equity

Common stock		142
Additional paid-in capital		108,209
Retained earnings (accumulated deficit)		(105,721)
Accumulated other comprehensive loss		(74)

Total stockholders' equity		<u>2,556</u>
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Total liabilities and stockholders' equity	\$	<u>213,560</u>
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Destination Maternity Corporation et. al
 DEBTORS AND DEBTORS IN POSSESSION
 Form: MOR-4
 Status of Postpetition Taxes (unaudited, \$ in 000s)

For the period from October 21, 2019 to November 30, 2019

Federal, State, and Local Taxes	Tax Liability as of Petition	Amount Withheld or Accrued	Amount Paid	Date(s) Paid	Tax Liability at November Month End
Withholding	\$ (149)	\$ (151)	\$ 149	Various	\$ (151)
Sales	\$ (2,769)	\$ (2,511)	\$ 2,769	Various	\$ (2,511)
Excise	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property	\$ -	\$ -	\$ -	\$ -	\$ -
Personal Property	\$ -	\$ -	\$ -	\$ -	\$ -
FICA-Employee	\$ -	\$ -	\$ -	\$ -	\$ -
FICA-Employer	\$ -	\$ -	\$ -	\$ -	\$ -
Unemployment	\$ -	\$ -	\$ -	\$ -	\$ -
Income	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Total Taxes	\$ (2,919)	\$ (2,662)	\$ 2,918	\$ -	\$ (2,662)

Destination Maternity Corporation et. al
DEBTORS AND DEBTORS IN POSSESSION

Form: MOR-4

Consolidated Summary of Unpaid Post-Petition Debts (unaudited, \$ in 000s)

Destination Maternity Corporation, 19-12256 As of November 30, 2019	
Post-Petition Accounts Payable Aging	Amount¹
Current (based on agreed upon terms)	488
Past Due:	
0-30	538
30-60	-
60-90	-
91+	-
Total Accounts Payable (1)	\$ 538

¹The debtors have since paid any post-petition amounts past due.

Destination Maternity Corporation et. al
DEBTORS AND DEBTORS IN POSSESSION

Form: MOR-5

Consolidated Accounts Receivable Aging (unaudited, \$ in 000s)

Accounts Receivable Reconciliation	As of Fiscal November Month End (2)
Total Accounts Receivable at the beginning of the reporting period	\$ 3,718
+ Amounts billed during the period	662
- Amounts collected during the period	(1,223)
Total Accounts Receivable at the end of the reporting period	\$ 3,157

As of November 30, 2019	
Accounts Receivable Aging ⁽¹⁾	Amount
Future Due	\$ 3,257
0-30 ¹	(401)
30-60	31
60-90	218
91+	53
Total Accounts Receivable	\$ 3,157
Amount Considered Uncollectible (Bad Debt)	-
Accounts Receivable, Net	\$ 3,157

¹Negative amount represents customer over-payment.

Destination Maternity Corporation et. al
DEBTORS AND DEBTORS IN POSSESSION
Form: MOR-5
Questionnaire

	Yes	No			
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below. <i>During this period, the Debtors sold inventory at 201 of debtors closing stores at prices lower than in the ordinary course of business (1).</i>	X				
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X			
3. Have all post-petition tax returns been filed timely? If no, provide an explanation below.	X				
4. Are workers compensation, general liability, and other necessary insurance coverages in effect? If no, provide an explanation below.	X				
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X			
Account Name	Purpose	Business	Acct Number	Bank Name	Date

(1) Store Closing sales conducted in accordance with Order (I) Authorizing the Debtors to Assume the Consulting Agreement, (II) Approving Procedures for Store Closing Sales, (III) Approving the Implementation of Customary Store Bonus Program and Payments to Non-Insiders Thereunder and (IV) Granting Related Relief.